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Prime Minister's schedule, August 25

NIKKEI (Page 2) (Full)  
August 26, 2009

08:31  
Attended cabinet meeting at Kantei.

09:12  
Met U.S. Ambassador Roos.

10:24  
Voted absentee ballot in Chiyoda Ward, Tokyo.

10:56  
Left JR Tokyo Station on Komachi 15.

12:36  
Arrived at JR Sendai Station.

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12:40-  
Delivered speeches Sendai City.

14:44  
Left JR Sendai Station on Max Yamabiko 118.

16:29  
Arrived at JR Omiya Station.

16:58  
Left JR Omiya Station on Toki 335.

17:10  
Arrived at JR Kumagaya Station. Delivered speech in front of the station.

18:25  
Delivered speech in Higashi-Matsuyama City, Saitama Prefecture.

19:31  
Delivered speech in Kawagoe City.

20:53  
Arrived at his official residence.

#### NORTH KOREA PROBLEM

4) Japan, U.S. reaffirm cooperation on N. Korea policy

NIKKEI (Page 2) (Full)  
August 26, 2009

Visiting U.S. State Department Coordinator Goldberg (for sanctions on North Korea) met with the Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki, and the two officials confirmed that Japan and the United States would continue to cooperate to implement sanction measures against North Korea. They took the position that the sanctions taken so far were having a "considerable impact" on North Korea. In addition, they also agreed that it would be necessary to carefully determine the real meaning of North Korea's recent dialogue-oriented moves.

Before his visit to Japan, Goldberg visited Singapore, Thailand, and South Korea. Goldberg, in his meeting with Saiki, assessed the situation, saying: "Generally speaking, all these countries are satisfied with the implementation of a resolution adopted at the United Nations Security Council."

North Korea has recently been accelerating its moves toward talks. In this regard, Goldberg and Saiki confirmed that the recent phenomenal events and the efforts made by the countries concerned toward the denuclearization of North Korea must not be mixed up.

South Korea's Hyundai Group and North Korea have agreed to resume sightseeing tours of Mt. Kumgang. "We will respect the South Korean

government's decision," Saiki said. "But," he added, "the international community will watch how the foreign currency earned will flow, and how the money will be used."

5) MOFA official Saiki, U.S. Coordinator for Implementation of DPRK Sanctions Goldberg agree that sanctions have been effective

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YOMIURI (Page 2) (Full)  
August 26, 2009

Akitaka Saiki, director general of the Asian and Oceanian Affairs Bureau, Ministry of Foreign Affairs, met U.S. State Department Coordinator for the Implementation of UNSC Resolution 1874 Philip Goldberg at the ministry on August 25. They agreed that the UN Security Council resolution imposing sanctions against North Korea has been very effective.

Goldberg visited Thailand and other Southeast Asian countries before coming to Japan. He said that "the implementation of sanctions in these countries is generally satisfactory." Saiki explained the circumstances that led to the special measures law on cargo inspection against North Korea being scrapped in the previous Diet session.

Saiki and Goldberg also discussed the agreement between the DPRK and the South Korean Hyundai Group to resume the Kungang-san tourism project and other business transactions and agreed that the flow of funds after the resumption of business activities should be watched. The two also exchanged views on the DPRK's recent diplomatic moves, such as its dispatch of a delegation to extend condolences at former South Korean President Kim Dae Jung's funeral.

"We should not be unsettled (by the DPRK's recent moves)," Saiki told reporters after the meeting. "The most important thing is that North Korea should take action in accordance with its pledge at the Six-Party Talks to abandon nuclear weapons."

6) Poll: 67.2% of candidates back all-out sanctions against N. Korea

SANKEI (Page 3) (Abridged)  
August 26, 2009

The families of Japanese nationals abducted to North Korea and their supporters conducted a questionnaire survey of all candidates running in the upcoming general election for the House of Representatives. According to its findings released yesterday, 67.2% said Japan should invoke all-out sanctions against North Korea. In a previous survey taken at the time of the last election for the House of Representatives, 45% said "yes" when asked if Japan should impose economic sanctions. The pro-sanctions figure this time was substantially higher than the figure for the last survey. The response rate also rose 1.3 points to 77.4%, showing high interest among the candidates. The survey was conducted of all candidates totaling 1,374 running in single-seat constituencies or up for proportional representation. Answers were obtained from 1,063 by Aug. 24.

In the survey, three questions were asked. One of the three questions was: "Do you think the abduction issue is a matter of top priority?" In response to this question, 87.3% answered "yes," with only 0.2% saying "no" and 12.5% giving other answers. When asked whether all-out sanctions should be invoked against North Korea, "yes" accounted for 67.2%, with "no" at 15.0% and "other answers" accounted for 17.9%. The third question was: "The government takes the position that Japan cannot normalize diplomatic relations with North Korea as long as the abduction issue is not resolved. Do you support this policy course?" To this question, 94.0% answered "yes,"

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with 2.4% saying "no" and 3.6% giving other answers.

7) Plaintiffs suing for disclosure of documents relating to alleged secret agreement during Okinawa's reversion to subpoena ex-MOFA official in court case

YOMIURI (Page 38) (Full)  
August 26, 2009

Hearings for the lawsuit in which former Mainichi Shimbun reporter Takichi Nishiyama, 72, and other plaintiffs filed a complaint that the government's decision not to disclose documents relating to the "secret agreement" on negotiations for the reversion of Okinawa to Japanese administration in 1972 was illegal took place at the Tokyo District Court on August 25. The plaintiffs applied for a subpoena to summon Bunroku Yoshino, 91, director general of the North American Affairs Bureau of the Ministry of Foreign Affairs (MOFA) at that time. Justice Norihiko Sugihara said that with the foreign minister's approval, Yoshino will be accepted as witness, and his questioning has been scheduled for December 1.

The plaintiffs also submitted to the court a written statement by Yoshino saying that, "The initials 'BY' on the memorandum constituting the secret agreement are definitely mine. Even secret negotiations should be made public after a certain period of time." Yoshino has admitted the existence of this "secret agreement" during interviews with Yomiuri Shimbun and other media outlets.

#### POLITICAL AFFAIRS

8) Poll: Candidates not counting on their party leaders

ASAHI (Page 1) (Abridged)  
August 26, 2009

The Liberal Democratic Party is trying to consolidate its supporters and local organizations in its campaign for the upcoming general election for the House of Representatives. Meanwhile, the Democratic Party of Japan is making an appeal on its "competence to run the government." In the run-up to the general election, LDP and DPJ candidates are fighting campaign battles in their own ways. There are such differences between the campaign strategies of the two parties' respective candidates, the Asahi Shimbun found from its survey of candidates with Tokyo University Professor Masaki Taniguchi's office. Few LDP and DPJ candidates are putting forth their party leaders, and they do not count on their party heads in the election campaign.

In the survey, candidates were asked to choose what they would regard as most important other than policies in campaigning for the election this time. The choices given for this question were: 1) working on usual supporters and organizations; 2) stressing past results; 3) emphasizing governing competence; 4) emphasizing the leader's qualification; and 5) the candidate's own results and qualification.

Among LDP candidates, 48% chose to work on their usual supporters and organizations, topping all other answers. Among DPJ candidates, 44% picked governing competence. As seen from these figures, the LDP is attempting to keep their supporters in the wind blowing against it, with the DPJ trying to wipe off the public's uneasy feelings about a change of government.

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9) Reports that the DPJ will win 300 seats seem unreal to voters

TOKYO SHIMBUN (Page 26) (Abridged)  
August 26, 2009

Katsumi Sekiguchi

The Aug. 30 House of Representatives election with all 480 seats being contested is only four days away. Major newspapers have headlined the results of their opinion polls that predicted the Democratic Party of Japan (DPJ) would garner over 300 seats - greater than the 296 seats the Liberal Democratic Party (LDP) won in the election four years ago thanks to the "Koizumi boom." What do

the voters think of the DPJ's lead? I interviewed voters in Tokyo's Shimbashi, a district of salaried workers.

"I am sure the DPJ will achieve an overwhelming victory," a 36-year-old company employee of Chiba City noted as if to say that the DPJ will garner 300 seats without doubt. He added: "It is not that the voters are actively supporting the DPJ; they just don't want to vote for the LDP which has replaced the prime minister one after another."

"I will vote for the DPJ," a 29-year-old part-time worker declared, while indicating that the figure (300) does not seem real to her. She also said: "Under the single-seat system, one vote can make the decisive difference, and the DPJ could become the sole winner. I wonder if the voters are backing the DPJ strong enough to give it more than 60 percent of the Lower House seats and to make (DPJ President Yukio) Hotoyama the new prime minister. (The figure) is somewhat scary."

Meanwhile, a 68-year-old unemployed man of Nerima Ward said: "I will vote for the LDP as before. The LDP is most stable as a political party." While showing some understanding to the DPJ trend by citing people who are struggling to make ends meet under the LDP administration, he also commented: "Anyone casting his ballot based on the trend means that he has not learned anything from the Koizumi boom. I want to make my presence felt (by joining the minority)."

A large number of voters -- 1.5 times the number of the previous Lower House election -- cast absentee ballots ahead of the Aug. 30 poll. This time around, the mountain could move. What are the views of experts?

"There are always differences between the results of pre-election polls and the actual election results," Hiroshi Miura, an election planner, noted. "Some 20 percent of people who said they would vote will not go to the polling stations. I think 90 percent of those people said they will vote for the DPJ, and naturally support for the DPJ will drop from the results in polls."

Voter turnout holds a key. In the previous "postal election," voter turnout was 67.51 percent. Seventy percent is the watershed for the DPJ to garner 300 seats.

Akikazu Hashimoto, a former professor at the National Graduate Institute for Policy Studies, who is well-versed in the voting behavior, took this view about the prediction that the DPJ will win 300 seats: "Overwhelmingly backed by swing voters, in addition to the traditional DPJ supporters, the party will garner some 260

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seats. With their backs against the wall, traditional LDP supporters of all walks of life and of all ages are throwing their support behind the DPJ across the nation. There are solid grounds for the figure 300."

10) Effect of "300-seat" prediction for DPJ: Its advantage probably remains unchanged

TOKYO SHIMBUN (Page 2) (Abridged)  
August 26, 2009

It has been reported that the Democratic Party of Japan (DPJ) could sweep into power by securing more than 300 seats while only about 100 seats would go to the Liberal Democratic Party (LDP) in the Aug. 30 House of Representatives election, based on the results of surveys conducted by the news media.

News companies conduct surveys to assess the voting pattern about one week before the voting date of a national election. During the period between this date and the voting day, the voting pattern changed in many past elections.

Such survey results bring about two types of effect: The bandwagon effect favorable for the advantageous party; and the underdog effect with people, out of sympathy, voting for the party perceived to be losing the elections.

In the 2005 Lower House election, the bandwagon effect appeared. In surveys by the media, it was predicted that the LDP would win a majority independently. The outcome was its historically overwhelming victory, winning 296 seats, far more than the majority.

The bandwagon effect also appeared in the 2007 House of Councillors election, in which the DPJ won a landslide victory in line with forecasts made by the media.

In the Upper House election in 1998, survey results produced an underdog effect. In the election, the LDP suffered a crushing defeat with only 44 seats despite the prediction that the LDP was likely to secure at least the number of seats up for reelection. Prime Minister Ryutaro Hashimoto stepped down, taking the responsibility for the defeat.

Under the mid-sized election district system, the underdog effect appeared in many Lower House elections. Since the single-seat constituency system was introduced, however, many voters tend to cast their ballots for candidates expected to win so that their votes will not be wasted. Given this, many observers anticipate that the survey results will work favorable for the DPJ in the upcoming election.

11) Lower House election 2009: DPJ plans to form cabinet soon after Lower House election

SANKEI (Page 3) (Excerpts)  
August 3, 2009

Premised on its victory in the Aug. 30 House of Representatives election, the Democratic Party of Japan (DPJ) has decided to launch the work of forming a cabinet immediately after the election. The DPJ plans to informally pick the prime minister, chief cabinet

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secretary, finance minister, and foreign minister possibly early next week; and it will launch an administration transaction team by these cabinet ministers. This was revealed by senior party members. However, the Social Democratic Party (SDP) and the People's New Party (PNP), which are expected to participate in a DPJ-led coalition government, are expected to raise objections toward the DPJ's moves. The DPJ has already carried out a thorough background check, centering on those who will likely be appointed key posts.

Hatoyama, who will be elected prime minister in a special Diet session after the Lower House election, is expected to serve as chair of the administration transaction team. Hatoyama has stated that he will pick Diet members to serve as chief cabinet secretary, finance minister, and justice minister. He is set to informally appoint these three ministers before a new administration is inaugurated.

The transition team is also expected to discuss the selection of members of a National Strategy Bureau, which will devise basic policies for budget compilation and foreign and national security policies that the DPJ considers the main policies for the new government, as well as of an Administration Renovation Council, which will be in charge of a drastic review of government projects that have been criticized for wasting tax money.

The DPJ will form the framework of a new cabinet prior to the prime minister's election so that it can smoothly conduct transaction work. The purpose is to highlight the fresh image of the new administration.

However, it is indispensable for the DPJ to hold discussion with the SDP and PNP on the formation of a coalition government before the inauguration of a formal government. Therefore, the SDP and PNP may react negatively to the DPJ's moves.

The DPJ are conducting the background check on about 200 people who may be serving in important posts.

12) Ozawa likely to continue serving as DPJ deputy head

TOKYO SHIMBUN (Top play) (Full)  
August 26, 2009

With his party's victory in the Aug. 30 House of Representatives election in mind, Democratic Party of Japan (DPJ) President Yukio Hatoyama has started selecting the lineup of a DPJ administration. Hatoyama is determined to keep Deputy President Ichiro Ozawa in his current post and let him continue leading national elections. By doing so, Hatoyama aims to make preparations for next summer's House of Councillors election as early as possible.

Ozawa has been responsible for picking candidates for the Lower House election and formulating the party's action policy. He is deputy prime minister of the DPJ's Shadow Cabinet.

If Ozawa becomes a cabinet member, he will have to attend Diet sessions. If so, Ozawa will be certain to be pursued by opposition parties at the Diet because the first trial of his secretary, who has been indicted over allegations that he received illegal donations from Nishimatsu Construction Co., is expected to be held after the Aug. 30 general election. This could become an obstacle to Hatoyama's management of Diet affairs.

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Hatoyama, therefore, is inclined to have Ozawa concentrate on party business so that he will be able to continue exercising his campaign skills in next summer's Upper House election, without appointing him as a cabinet member.

Hatoyama has said: "In order to maintain the DPJ's unity, I would like him to serve in a key party post." It is believed that Hatoyama will appoint Naoto Kan, another deputy president, as key cabinet member, and he will retain Secretary General Katsuya Okada in his post or name him as a key cabinet minister.

It also appears to be certain that Supreme Adviser Hirohisa Fujii will be appointed to a key government post and that Policy Research Council Deputy Chairman Akira Nagatsuma will be named minister in charge of pension affairs.

13) DPJ's Ozawa criticizes agricultural cooperatives for opposing FTA with U.S.

YOMIURI (Page 4) (Full)  
August 26, 2009

Democratic Party of Japan Deputy President Ichiro Ozawa criticized the Central Union of Agricultural Cooperatives (Zenchu) and other agricultural groups opposing a free trade agreement (FTA) with the United States before reporters in Kimitsu City, Chiba Prefecture on August 25. "We are saying that we will set up a system under which producers will be able to produce under any circumstances," he said. "There is nothing to worry about. Zenchu and the other agricultural groups have become bureaucratic. There is no need to pay any attention to them." He added, "I am sure that the farmers and producers will fully understand our position and give us support."

When the Democratic Party of Japan drafted its manifesto (campaign pledges), it had at first called for the "conclusion" of an FTA with the U.S., but later revised this to "promoting negotiations" for an FTA in light of the opposition to the agreement. Ozawa has been voicing his displeasure about this.

14) Ozawa likely to have stronger say in DPJ

TOKYO SHIMBUN (Page 2) (Full)  
August 26, 2009

Democratic Party of Japan (DPJ) has decided to have Deputy President Ichiro Ozawa take responsibility for election strategy even after a change of government takes place. If the party wins an overwhelming victory in the Aug. 30 House of Representatives election, a number of "Ozawa children" will be born, and Ozawa will eventually have a



more sizable influence in the party. If his influence becomes strong enough to affect the party's policymaking, the new government might be operated under a dual-power structure, although the DPJ aims to unify ruling party and government.

Ozawa visited the offices of 12 DPJ-backed first-time candidates in the Chiba No. 11 and No. 12 constituencies and the Japan Agricultural Cooperatives (JA) in these districts yesterday. He told the candidates while shaking hands with them with a smile: "You are neck-and-neck with your rivals in the election campaign. Continue to work hard during the remaining five days."

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President Yukio Hatoyama, Deputy President Naoto Kan, and Secretary General Katsuya Okada have been responsible for delivering stump speeches, while Ozawa has devoted himself to helping behind the scenes. In the process of selecting candidates to run under the proportional representation segment, Ozawa picked out new faces prior to the official announcement of the election. After the official campaign started, he has earnestly visited the election offices of DPJ candidates to encourage them and industrial organization to seek their support.

Asked about what post he wants to assume after the Lower House election, Ozawa said: "I have nothing special. My desire is to bring about a change of government and have parliamentary democracy take root in Japan. I will be satisfied if this goal is attained."

Hatoyama wants to keep Ozawa as a key official responsible for election strategy, with an eye on the House of Councillors election next summer, in which the party aims to win a majority independently. In the Upper House election in 2007, Ozawa contributed to forcing the ruling coalition into a minority. As it stands, he has a reputation as an election strategist.

In addition to the Ozawa children who were born in the 2007 Upper House election, who have played a certain role in the party, a large number of first-time candidates backed by Ozawa are likely to go into the Diet. Should Ozawa also take the initiative in fielding candidates in the Upper House election next year, the Ozawa group will expand further.

Since many senior party members will join the cabinet if the DPJ takes over the reins of government, Ozawa will eventually hold real power in the party. Concern is expected to rise in the party that Ozawa might have a stronger voice not only on election strategy but even on the handling of the government.

15) Iraqi oil fields: Memorandum for Japanese companies to secure business interests to be signed as early as next month; ENEOS making final adjustments

YOMIURI (Page 8) (Abridged slightly)  
August 26, 2009

Talks between three Japanese companies, including Nippon Oil Corporation (ENEOS), the largest primary oil distributor (in Japan), and the Iraqi government over business interests in the Nasiriyah oil field in southern Iraq have entered the final phase. Only a few issues, such as fund-procurement quotas, remain to be settled. If the talks go smoothly, executives of the three companies will visit Iraq as early as September to sign a memorandum.

The three Japanese companies are Inpex Corporation (INPEX), a leading oil field developer, and JGC Corporation, a major plant engineering firm, as well as ENEOS.

The plan is for those companies to undertake the development of a portion of the mine lots in the Nasiriyah oil fields. Output of 150,000 barrels a day is expected in the first two years, and then the amount will be gradually increased to 600,000 barrels, which is equivalent to more than 10 percent of Japan's daily crude oil consumption. The Japanese consortium involving three companies has been competing with Italy's Ente Nazionale Idrocarburi (ENI) and a major Spanish resources company. Iraq had effectively narrowed the

candidates down to the Japanese consortium by the end of June.

The Iraqi government then pressed ahead with negotiations on terms and conditions with Japan, while once again involving ENI. Iraq has now entered the final phase of talks on the methods for setting crude oil prices and Japanese companies' collection of loaned money.

The Japanese companies plan to boost the ratio of procurement of crude oil for domestic consumption from independently developed oil fields from the present 19 percent or so to 40 percent by 2030. If all output from the Nasiriyah oil field -- 600,000 barrels a day -- is exported to Japan, such a ratio will rise to 33 percent. As a result, the project in the Nasiriyah oil field will have great significance for Japan's energy security.

Mitsui & Co. also secures right to tender bid

It was learned on August 25 that Mitsui Oil Exploration, a subsidiary of Mitsui & Co., has obtained a right to take part in the second bidding for the development of oil fields and gas fields in Iraq to be held as early as the end of this year. The planned tender targets 14 oil fields, including a major one with daily output between 600,000 barrels and 800,000 barrels, and two gas fields. Up to six Japanese companies will likely take part in the bidding. This is a separate project framework from the development of the Nasiriyah oil field, for which talks on business interests are underway, based on a face-to-face meeting formula. Among Japanese companies, ENEOS, INPEX, Japan Petroleum Exploration (JAPEX), Mitsubishi Corporation, Japan Oil, Gas, Metals, National Corporation (JOGMEC) have obtained to a right to tender bids.

16) Up to 5 million yen to be shouldered by household budget if global warming greenhouse gas emissions are to be cut 15 percent by 2020

NIKKEI (Page 1) (Full)  
August 26, 2009

The Ministry of Economy, Trade and Industry (METI) on August 25 finalized a set of concrete measures to achieve a mid-term goal of cutting greenhouse gas emissions 15% in comparison with the 2005 level by 2020. The package includes conditions to attain such a goal, including 80 percent of newly-built houses meeting the strictest energy-conserving standards and raising the proportion of next-generation vehicles, such as hybrid vehicles, to the number of brand-new cars to be sold to about 50 percent. METI estimated that if households adopt all proposed measures, it would cost each household an additional 5 million yen or so.

The package was presented at a meeting of the supply-demand subcommittee of the resources and energy research council, an advisory panel reporting to the METI minister. Since Japan's carbon emissions in 2005 stood at approximately 1.35 billion tons, it is necessary to cut roughly 200 million tons in order to achieve the goal of a 15 percent emissions cut. According to METI-proposed measures, 38 million tons will be cut by the introduction of energy-conserving housing and office buildings, 21 million tons by the dissemination of next-generation vehicles and 17 million tons by the dissemination of energy-saving home electronics. The package also calls for raising the proportion of newly-built houses that meet the strictest energy-conserving standards from the current 40

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percent or so to 80 percent and turning all home electronics purchased by consumers into energy-conserving types.

METI also estimated the additional burden to be shouldered by households, in the event they introduce a set of measures to cut greenhouse gas emissions. The government is already distributing approximately 200,000 yen in standard subsidies for the purchase of home appliances. Apart from this, METI estimated 2.3 million yen for

the installation of solar panels and 1 million yen for heat insulation work to make houses an energy-conservation type, etc., totaling roughly 5 million yen. It would cost about 30 million yen to apply these measures to a small-size office building with area of 1,000 square meters.

The DPJ advocates a goal of cutting 25 percent from the 1990 level or 30 percent from the 2005 level, which is stricter than the government's goal. Chances are that if a change of administration occurs, financial burden on households would increase.

ROOS